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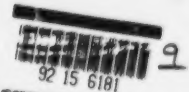

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MAY 20 1992

SECURITIES AND EXCHANGE COMMISSION
Washington, D. C. 20549

FORM 10-Q

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT of 1934

Q92-2268

For the First Quarter Ended March 31, 1992

Commission File Number 33-34236

BIO-MANUFACTURING, INC.

Exact Name of Registrant as Specified in its Charter

Minnesota	41-1545188
State of Incorporation	IRS Employer Identification No.

623 HOOVER STREET NE, MINNEAPOLIS, MINNESOTA 55413
Telephone Number: (612) 378-1180

Securities Registered Pursuant to Section 12(b) OF THE ACT: None
Securities Registered Pursuant to Section 12(g) OF THE ACT: 4,421,544

Indicate by check mark whether the registrant (1) has filed all reports to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes X No__

Aggregate market value of voting stock held by non affiliates of registrant as of March 31, 1992 was approximately $274,578.

The number of shares of each class of common stock outstanding on March 31, 1992 was:

Common Stock, $.01 par value	4,421,544 Shares

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PART I. FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

BIO-MANUFACTURING, INC.

BALANCE SHEETS

ASSETS

	March 31, 1992	September 30, 1991
Current assets		
Cash	$ 139,935	$ 386,826
Accounts receivable	293,198	380,915
Inventory	186,271	606,931
Other current assets	4,976	7,051
Total current assets	624,380	1,381,723
Leasehold improvements & equipment		
Leasehold improvements	390,163	390,164
Equipment	530,108	526,299
	920,271	916,463
Less accumulated depreciation	(534,886)	(458,725)
	385,385	457,738
	$1,009,765	$1,839,461

BIO-MANUFACTURING, INC.

BALANCE SHEETS

LIABILITIES AND SHAREHOLDERS' EQUITY

	March 31, 1992	September 30, 1991
Current liabilities		
Current portion of LTD	$ 78,893	$ 82,981
Accounts payable	65,319	207,199
Accrued liabilities		
Wages and salaries	29,777	44,102
Other	42,624	79,014
Total current liabilities	216,613	413,296
Long-term debt, less current	0	36,576
Shareholders' equity		
Common stock $.01 par value; shares authorized:20,000,000 shares issued and outstanding:4,421,544 at December 31, 1991 and September 30, 1991	44,215	44,215
Capital in excess of par value	2,363,008	2,363,008
Accumulated deficit	(1,491,090)	(894,653)
Less shareholders' notes receivable	(122,981)	(122,981)
	793,152	1,389,589
	$1,009,765	$1,839,461

BIO-MANUFACTURING, INC.

STATEMENT OF OPERATIONS

	Three Months Ended March 31,		Six Months Ended March 31,	
	1992	1991	1992	1991
Net revenues	$ 75,831	$ 656,534	$ 417,776	$ 1,326,330
Cost of revenues	444,724	435,927	765,382	960,153
Gross Profit (loss)	(368,893)	220,607	(347,606)	366,177
General/Administrative/Technical	118,291	143,058	249,426	250,316
Income (loss) from operations	(487,184)	77,549	(597,032)	115,861
Other income (expense)				
Interest income	1,191	15,065	4,705	24,743
Interest expense	(1,853)	(14,715)	(4,110)	(26,014)
Net income (loss)	$ (487,846)	$ 77,899	$ (596,437)	$ 114,590
Net income (loss) per common share	$ (.11)	$ .02	$ (.13)	$ .03
Weighted average common shares outstanding	4,421,544	4,256,276	4,421,544	4,256,276

BIO-MANUFACTURING, INC.

STATEMENT OF CASH FLOWS

	Six Months Ended March 31,	
	1992	1991
Cash flows from operating activities:		
Net gain(loss)	$ (596,437)	$ 114,202
Adjustments to net loss:		
Depreciation	76,162	62,872
(Increase)Decrease in assets:		
Accounts receivable	87,717	(123,221)
Inventories	420,660	(205,716)
Other current assets	2,075	(830)
(Decrease)Increase in liabilities:		
Accounts Payable	(141,880)	13,020
Accrued liabilities	(50,714)	4,660
Net cash (used in) operating activities	$ (202,417)	$ (135,013)
Cash flows from investing activities:		
Purchase of leasehold improvements and equipment	(3,809)	(332,224)
Net cash flows (used in) investing activities	$ (3,809)	$(332,224)
Cash flows from financing activities:		
Payments on short-term notes		(575,500)
Borrowing on short-term notes		500,000
Payments on long-term obligation	(40,665)	(37,547)
Payments for deferred offering costs		13,973
Proceeds from issuance of common stock		587,220
Net cash provided from(used in)financing activities	$ (40,665)	$ 488,146
Increase(decrease) in cash and cash equivalents	$ (246,891)	$ 20,909
Cash and cash equivalents at beginning of year	$ 386,826	$ 384,766
Cash and cash equivalents at end of six months	$ 139,935	$ 405,675

Supplemental disclosure of cash flow information:
For six months ended March 31, 1992 and 1991, interest paid was approximately $4,110 and $26,014 respectively.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND ANALYSIS OF FINANCIAL POSITION AND LIQUIDITY

Financial Position and Recent Events

On March 31, 1992, the Company had working capital of $407,767 and a working capital ratio of 2.88 to 1 compared to working capital of $968,427 and a working capital ratio of 3.34 to 1 on September 30, 1991. In light of the near completion of the merger with Bioplasty, Inc, the Company has allowed its revolving credit line of $500,000 to expire and currently has not negotiated any new limit.

The Company has been informed by its sole customer, Bioplasty, Inc.(BPI), that until certain issues are settled with the FDA, there is currently no demand for the Implants and no assurance has been given to the Company that demand will return to the 1991 levels in the near future, if at all. Presently, Bioplasty, Inc. is not commercially marketing any breast implants in the United States or foreign markets, since BPI has stated that it has decided to leave the silicone gel-filled market and has withdrawn all breast implant products from the foreign markets. BPI also states that it intends to resubmit an IDE on MISTI GOLD. The approval by the FDA would initiate the start of clinical studies in the U.S. and the request of 801(e) export authorization from the FDA. Since the resumption of sales is uncertain, the Company has reduced its employee level significantly to approximately 11, from a high of approximately 94.

The Company's activities are currently focused on correcting certain Good Manufacturing Practices (GMP's) deviations recently identified by an FDA examination. Future production of implants by the Company is contingent upon the Company and BPI's correction of the GMP deviations to the FDA's satisfaction. In light of Bioplasty's withdrawal from domestic and foreign markets in March and April 1992, as well as GMP deficiencies listed by the FDA in March, an additional reserve of approximately $250,000 been charged to operations in the second quarter ended March 31, 1992. Although future events can not be estimated with certainty, BMI believes that its current financial position and operational expenses would reasonably allow it to continue in existence for the next twelve month period, even in the event that the BPI and BMI merger and the correction of GMP deviations and receipt of MISTI GOLD export approvals do not occur within that time.

The Company is named in a Complaint alleging one instance of claimed damages concerning Implants. The Company has answered the Complaint and parties are commencing efforts as to discovery and class certification of status. it is managements opinion that no significant material adverse effects on the financial position of the Company will occur as a result of the settlement of this issue. The Company stands by its high level of quality in manufacturing Implants in accordance with the specification established by Bioplasty, Inc. The Company was previously named as a defendant in a patent infringement suit lodged by McGhan has been settled by Bioplasty, Inc. at no cost to BMI.

In October 1991, the Company and Bio-Manufacturing Inc. Acquisition Corp., a wholly-owned subsidiary of Bioplasty, Inc., entered into an agreement to merge. Pursuant to the agreement, Bioplasty, Inc. would issue to BMI shareholders one(1) share of BPI Common Stock for each 10 shares of BMI, equaling approximately 440,000 shares of BPI stock. The merger will be voted upon by the Bio-Manufacturing, Inc. shareholders of record as of April 30, 1992 on May 27, 1992 and if approved, would result in certain operational efficiencies within the administrative and regulatory functions. In early February 1992, BPI announced it was planning to spin off its Urological business, including the product Microplastique (formerly Uroplastique) Micro-Implants, to its shareholders in the form of a stock dividend. BPI has indicated that the record date for the urological business spin-off will be subsequent to the record date for the merger of the Company and BMI Acquisition Corp.

Results of Operations

Quarter Ended March 31, 1992
Compared to March 31, 1991

Net revenues for the three months ended March 31, 19921 were $75,831 compared to $656,534 for the three months ended March, 1991. Net loss for the three months ended March 31, 1991 was ($487,184) compared to a net profit of $77,549 for the three months ended March 31, 1991. The Company's decrease in sales is reflective of the intense scrutiny by the FDA of mammary prostheses of the type manufactured by the Company and the fact that Bioplasty, Inc., the Company's sole customer has withdrawn from the silicone gel-filled market.

Inflation and Changing Prices

Inflation and changing prices have not had a significant impact on the operations or growth of the Company over the past three years, nor are they expected to be significant factors in the foreseeable future. Charges to income for depreciation approximate current costs and prevent distortion of income. Furthermore, the expenses the Company incurs and the resource base from which it currently manufactures are not by nature subject to cyclical or uneven cost acceleration.

FINANCIAL STATEMENTS

The interim financial statements are unaudited but in the opinion of management, reflect all adjustments necessary for a fair presentation of results for such periods. All such significant adjustments for the period are of a normal recurring nature unless described further in this SEC Form 10Q. The results of operations for any interim period are not necessarily indicative of results for the full year. These financial statements should be read in conjunction with the financial statements and notes thereto contained in the Company's annual report for the year ended September 30, 1991.

PART II. OTHER INFORMATION

ITEM 5. OTHER INFORMATION

None of the items contained in Part II of Form 10-Q are applicable to the Company for the quarter ended March 31, 1992.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, hereunto duly authorized.

BIO-MANUFACTURING, INC.

May 19, 1992

BY: Mark Nosbush
Mark Nosbush
Chairman
Joint Chief Executive Officer
Joint Chief Accountin Officer

Pursuant to the requirements of the Securities and Exchange Act of 1934, this report has been signed below by the following persons on behalf of the Registrant and in the capacities on the dates indicated.

Mark Nosbush
Mark Nosbush

President May 19, 1992
Joint Chief Executive Officer
Joint Chief Accounting Officer